

Total No. of Questions : 12]

SEAT No. :

P816

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[Total No. of Pages : 4

B.E. (Mechanical) (Sandwich)
a-COSTING AND COST CONTROL
(2008 Pattern) (Semester-II) (Elective-IV)

Time : 3 Hours]

[Max. Marks : 100

Instructions to the candidates:

- 1) *Answer any three questions from each section.*
- 2) *Answer to the two sections should be written in separate books.*
- 3) *Neat diagrams must be drawn whenever necessary.*
- 4) *Figures to the right indicate full marks.*
- 5) *Assume Suitable data, if necessary.*

SECTION-I

- Q1) a)** Define cost and explain how the costs are classified. **[8]**
b) State objective and importance of cost accounting. **[8]**

OR

- Q2) a)** Calculate the prime cost, factory cost, cost of production cost of sales and profit from the following particulars: **[8]**

	Rs.		Rs.
Direct materials	2,00,000	Office stationary	1,000
Direct wages	50,000	Telephone charges	250
Direct Expenses	10,000	Postage & telegrams	500
Electric power	1,000	Travelling expense	1,000
Wages of foreman	5,000	Salesmen's salary	2,500
Lighting factory	3,000	Repairs & renewal	7,000
Office	1,000	Office premises	1,000
Store keeper's wages	2,000	Carriage outward	750
Oil & water	1,000	Transfer to reserves	1,000
Rent:			
factory	10,000	Discount on shares	1,000
Office	5,000	written off	
		Advertising	2,500
Depreciation			
Plant	1,000	Warehouse charge	1,000
office	2,500	Sales	3,79,000
Consumable store	5,000	Income tax	20,000
Manager salary	10,000	Dividend	4,000
		Directors fees	2,500

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b) State & explain limitations of financial accounting. [8]

Q3) a) Explain different methods of costing used in Manufacturing Industries. [8]

b) What do you understand by direct expenses? What are their characteristics. [8]

OR

Q4) a) State the meaning and scope of cost accounting. With an example. Explain. [8]

b) Define and explain in details of the following with suitable examples: [8]

i) Manufacturing overheads.

ii) Indirect labour cost.

iii) Sales and distribution overhead.

Q5) a) What do you understand by classification, allocation and apportionment in relation to overhead expenses? [10]

b) State the method of allocation of administration overhead to cost centers or products. [8]

OR

Q6) A company has three production departments (M_1 , M_2 , A_1) and three service departments. One of which Engineering services department, servicing the M_1 & M_2 only. The relevant information is as follows: [18]

Production Department	Product	
	X	Y
M_1	10 Machine hrs	6 Machine hrs
M_2	4 Machine hrs	14 Machine hrs
A_1	14 Machine hrs	18 Direct Labour hours

The annual budgeted over head cost for the year are

Production Department	Indirect wages Rs.	Consumable supplier Rs.
M_1	46,520	12,600
M_2	41,340	18,200
A_1	16,220	4,200
Stores	8,200	2,800
Engineering Service	5,340	4,200
General Service	7,520	3,200

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Depreciation on Machinery (Rs.) =	39,600
Insurance of Machinery (Rs.) =	7,20,019
Insurance of Building (Rs.) =	3,240

(Total building insurance cost for M₁ is one third of annual premium)

Power (Rs.)	6,480
Light (Rs.)	5,400
Rent (Rs.)	12,675

(The general service dept. Is located in a building owned by the company).
It is valued at Rs. 6,000 and is charged into cost at national value of 8% per annum. This cost is additional to the rent shown above. The value issues of materials to the production dept. are in the same proportion as shown above for the consumable supplies.

Department	Book value Machinery (Rs.)	Area (sq.ft)	Effective H.O Hours	Production Direct labour hours	Capacity Machine hours
M ₁	1,20,000	5,000	50	2,00,000	40,000
M ₂	90,000	6,000	30	1,50,000	50,000
A ₁	30,000	8,000	05	3,00,000	
Stores	12,000	2,000	–		
Engineering service	36,000	2,500	10		
General service	12,000	1,500	–		

- Prepare a overhead analysis sheet, showing the bases of apportionment of overhead to departments.
- Allocate service department overhead to production dept. ignoring the apportionment of service dept. coast among service depts.
- Calculate suitable overhead absorption rate for the productions.
- Calculate the overheads to be absorbed by two products, X and Y.

SECTION-II

- Q7)** a) Discuss the distinguishing features of process cost system. [9]
b) What are the methods of apportioning joint costs? Explain any one brief. [9]

OR

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- Q8)** a) What is by-product and how is it different from joint product? [18]
b) What are the various methods of accounting for by-product? Explain each of the methods.

- Q9)** a) State the limitations of breakeven analysis. [8]
b) A company produces a single article and sells it at Rs. 10 each. The marginal cost production is Rs. 6 each & total fixed cost of the concern in Rs. 400/annum. [8]
i) Calculate increase in selling price if BEP down to 80 units &
ii) Margin of safety at sale of @ Rs. 1,500.

OR

- Q10)**a) Explain the concept of contribution & contribution to sales ratio in marginal costing. [8]
b) Difference between Adsorption Costing & marginal costing. [8]

- Q11)**a) State the basis of standard costing. [8]
b) State the need for standard costs. [8]

OR

- Q12)** Write a short note (Any Two): [16]
i) Activity Based Costing.
ii) Techniques of marginal costing.
iii) Basis of standard costing.

